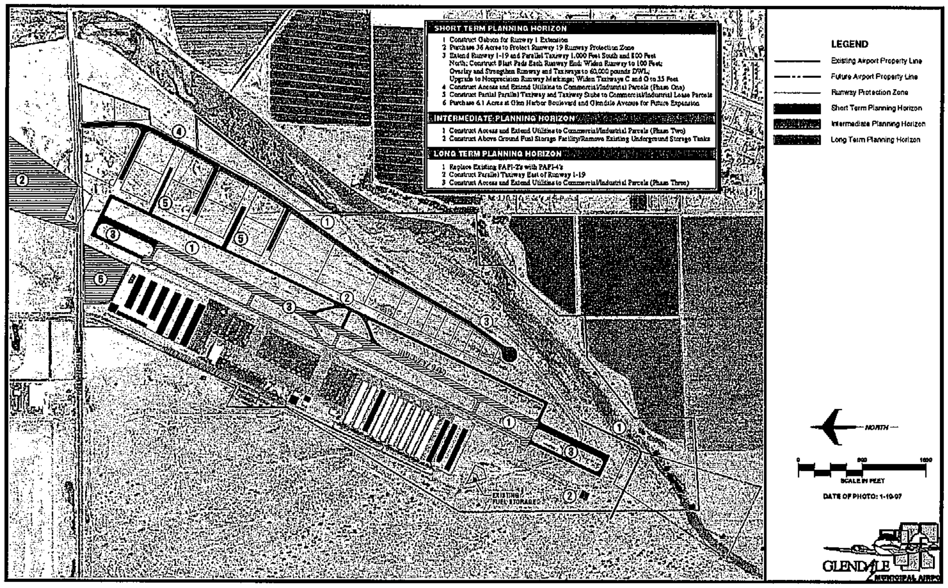
GLENDALE
MUNICIPAL AIRPORT

Chapter Six

FINANCIAL PLAN

FINANCIAL PLANS

GLENDALE MUNICIPAL AIRPORT
Airport Master Plan



The analyses conducted in the previous chapters evaluated airport development needs based upon forecast activity changes and operational efficiency. However, the most important element of the master planning process is the application of basic economic, financial, and management rationale to each development item so that the feasibility of implementation can be assured.

The presentation of the financial program has been organized into three sections. First, the airport development schedule is presented in narrative and graphic form. Secondly, airport improvement funding sources on the federal, state, and local levels are identified and discussed. Finally, the airport's operating fund is examined for its ability to support future capital improvements.

AIRPORT DEVELOPMENT SCHEDULE AND COST SUMMARIES

The airport development schedule presented in this chapter outlines the costs for each recommended project and estimates when development should take place. The program outlined on the following pages has been evaluated from a variety of perspectives and represents the culmination of a comparative analysis of basic budget factors, demand, and priority assignments.

The airport development schedule has been divided into planning horizons, reflecting short term (0-5 years), intermediate term (6-10 years), and long term (11-20 years) goals and needs.

The short-term planning period covers items of highest priority. Because of the priority of the short term planning horizon improvements, these are the only items scheduled year-by-year so as to be easily incorporated into City, State, and FAA programming.

The airport development schedule is presented on **Exhibit 6A**. In addition to the listing of actual improvement projects, an estimate has been made of the timing for implementation and federal and state funding eligibility for each airport improvement project as well as the local share costs for completing the recommended improvements. Due to the conceptual nature of a master plan, implementation of capital improvement projects should occur only after further refinement of their design and costs through engineering and/or architectural analyses. The cost estimates reflect an allowance for engineering and other contingencies (30 percent) that may be anticipated on the project. Capital costs in this chapter should be viewed only as estimates subject to further refinement during design. Nevertheless, these estimates are considered sufficient for performing the feasibility analyses in this chapter.

SHORT TERM PLANNING HORIZON IMPROVEMENTS

The majority of projects within the short term planning horizon are related to upgrading Runway 1-19 to safely accommodate corporate aircraft. Projects include extending the runway 1,000 feet south and 800 feet north, widening the runway to 100 feet, increasing the runway and taxiway pavement strength to 60,000 pounds dual wheel loading; and widening taxiways C and G to 35 feet. An environmental assessment may need to be completed on these proposed improvements prior to the release of federal funds for these projects. An environmental assessment has been programmed for Fiscal Year (FY) 1998-1999. Prior to extending Runway 1-19 1,000 feet south, a new gabion must be constructed in the New River Channel. Plans have been drafted for this project and fill materials are being gathered from a levy project along the eastern bank of the New River. The construction of the gabion is programmed for FY 1998-1999. The runway widening, extension, and pavement overlay projects are programmed for FY 1999-2000.

Proposed property acquisitions in the short term planning period are designed to ensure positive control over runway protection zones and to preserve areas adjacent to the airport for future expansion. Extending the runway 800 feet north will place the Runway 19 runway protection zone (RPZ) outside existing airport property. The purchase of approximately 36 acres of land within the Glen Harbor Industrial Park is needed to protect the Runway 19 RPZ from incompatible land uses. The purchase of a 6.1 acre parcel of land at the intersections of Glendale Avenue and Glen Harbor Boulevard will provide for the future expansion of general aviation facilities.

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DEVELOPMENT ITEM	TOTAL COST	FEDERALLY ELIGIBLE	STATE ELIGIBLE	LOCAL SHARE
SHORT TERM PLANNING HORIZON IMPROVEMENTS (0 - 5 YEARS)				
FY 1998-1999				
1. Construct Gabion for Runway 1 Extension	$1,000,000	$910,600	$44,700	$44,700
2. Environmental Assessment for Runway Extension, Overlay, and Widening	75,000	0	67,500	7,500
3. Construct Automobile Parking at Northwest Hangar Site	236,000	0	212,400	25,600
4. Enclose Balcony	40,000	0	0	40,000
	1,351,000	910,600	324,600	115,800
FY 1999-2000				
5. Purchase 36 Acres to Protect Runway 19 Runway Protection Zone	3,100,000	2,822,860	138,570	138,570
6. Extend Runway 1-19 and Parallel Taxiway 1,000 Feet South and 800 Feet North; Construct Blast Pads Each Runway End; Widen Runway to 100 Feet; Overlay and Strengthen Runway and Taxiways to 60,000 DWL; Upgrade to Nonprecision Runway Markings; Widen Taxiways C and G to 35 Feet	6,100,000	5,554,660	272,670	272,670
	9,200,000	8,377,520	411,240	411,240
FY 2000-2001				
7. Purchase Pavement Sweeper	80,000	72,848	3,576	3,576
8. Apron Pavement Preservation (100,000 s.y.)	351,000	0	315,900	35,100
	431,000	72,848	319,476	38,676
FY 2001-2002				
9. Construct Access and Extend Utilities to Commercial/ Industrial Parcels (Phase One)	334,100	0	0	334,100
10. Construct Partial Parallel Taxiway and Taxiway Stubs to Commercial/Industrial Lease Parcels	984,000	896,030	43,985	43,985
	1,318,100	896,030	43,985	378,085
FY 2002-2003				
11. Purchase 6.1 Acres at Glen Harbor Boulevard and Glendale Avenue for Future Expansion	518,500	472,146	23,177	23,177
Total Short Planning Term Horizon Improvements	**$12,818,600**	**$10,729,145**	**$1,122,478**	**$966,978**
INTERMEDIATE PLANNING HORIZON IMPROVEMENTS (6 - 10 YEARS)				
12. Runway/Taxiway Pavement Preservation	$390,000	$0	$351,000	$39,000
13. Apron Pavement Preservation (100,000 s.y.)	351,000	0	315,900	35,100
14. Construct Access and Extend Utilities to Commercial/ Industrial Parcels (Phase Two)	175,900	0	0	175,900
15. Establish GPS Approaches to Runways 1 and 19	0	0	0	0
16. Construct Above Ground Fuel Storage Facility/Remove Existing Underground Storage Tanks	250,000	0	0	250,000
Total Intermediate Planning Horizon Improvements	**$1,166,900**	**$0**	**$666,900**	**$500,000**
LONG TERM PLANNING HORIZON IMPROVEMENTS (11 - 20 YEARS)				
17. Apron Pavement Preservation (100,000 s.y.)	$700,000	$0	$630,000	$70,000
18. Runway/Taxiway Pavement Preservation	780,000	0	702,000	78,000
19. Replace Existing PAPI-2's with PAPI-4's	100,000	91,060	4,470	4,470
20. Construct Parallel Taxiway East of Runway 1-19	1,908,800	1,738,153	85,323	85,323
21. Construct Access and Extend Utilities to Commercial/ Industrial Parcels (Phase Three)	150,400	0	0	150,400
Total Long Term Planning Horizon Improvements	**$3,639,200**	**$1,829,213**	**$1,421,793**	**$388,193**
TOTAL PROGRAM COST	$17,624,700	$12,558,358	$3,211,171	$1,855,171

PAPI - Precision Approach Path Indicator
DWL - Dual Wheel Loading

GLENDALE MUNICIPAL AIRPORT

Exhibit 6A
AIRPORT DEVELOPMENT SCHEDULE

Other projects included in the short term planning horizon include apron pavement maintenance, enclosing the balcony within the terminal building, construicting automobile parking for the northwest hangar area, and infrastructure improvements east of Runway 1-19. Periodic apron pavement maintenance includes applying slurry seals to the pavement surface and replacing deteriorated portions of pavement. Similar projects are included throughout the remainder of the airport development schedule. The balcony within the terminal building is proposed to be enclosed to provide additional leasable office space. Presently, all office space within the terminal is leased. Prior to leasing industrial/commercial parcels east of Runway 1-19, a number of infrastructure improvements must be completed. This includes extending roadway access and utilities and constructing a partial parallel taxiway and taxiway stubs to provide access to the runway and taxiway system at the airport. Approximately 40 acres of land would be available for lease once these initial infrastructure improvements are completed. **Short term planning horizon improvements are estimated to cost approximately $12.8 million.**

INTERMEDIATE PLANNING HORIZON IMPROVEMENTS

Programmed for the intermediate planning horizon is the continuation of routine pavement maintenance and infrastructure improvements east of Runway 1-19. Pavement maintenance projects have been programmed for all runway, taxiway, and apron areas at the airport during this planning period. These projects should be flexible to future pavement maintenance needs which may include replacing some portions of the original airport pavement. The roadway and utility infrastructure improvements included in this planning period will open-up approximately 25 acres of land east of Runway 1-19 to development. The development of an above ground fuel storage facility at the south end of the airport and removing the existing underground fuel storage tanks is programmed for this period as well. The location of the existing fuel tanks prevents hangar expansion adjacent to the Temple Air hangar area. The establishment of GPS approaches by FAA, at no cost to the airport, are anticipated during this planning period. Future GPS approaches at Glendale Municipal Airport will likely have greater capabilities than can currently be achieved with GPS. The FAA will complete an upgrade to the existing GPS system in the next five years providing greater accuracy for the system and allowing for exact descent and runway alignment guidance information. Presently, only runway alignment guidance information is available for GPS approaches. An operational agreement with Luke Air Force Base may be required before the GPS approaches can be established. **Total intermediate planning horizon improvements are estimated to cost approximately $1.2 million.**

LONG RANGE PLANNING HORIZON

Long range planning horizon improvements continue a regular pavement maintenance program and complete infrastructure improvements east of Runway 1-19. By the end of the planning period it is anticipated that all property east of Runway 1-19 will be leased. The development of a parallel taxiway east of Runway 1-19 is intended to provide efficient and direct access for all industrial/commercial lease parcels in this area. Infrastructure improvements will extend utilities and roadway access to all parcels shown for lease. The upgrade of the existing PAPI-2 visual glideslope indicators to PAPI-4 visual glideslope indicators is included in this planning period. The PAPI-4 system is designed to provide better visibility of the lighting aid for pilots in larger aircraft such as business jet aircraft. **Total long range planning horizon improvements are estimated to cost approximately $3.6 million**.

Exhibit 6B provides a graphic depiction of the proposed construction projects at Glendale Municipal Airport and the planning horizon in which each project has been planned.

AIRPORT DEVELOPMENT AND FUNDING SOURCES

Financing future airport improvements will not rely exclusively upon the financial resources of the City of Glendale. Airport improvement funding assistance is available through various grant-in-aid programs on both the state and federal levels. The following discussion outlines the key sources for airport improvement funding and how they can contribute to the successful implementation of this master plan.

FEDERAL AID TO AIRPORTS

The United States Congress has long recognized the need to develop and maintain a system of aviation facilities across the nation for national defense and promotion of interstate commerce. Various grant-in-aid programs to public airports have been established over the years for this purpose. The current federal grant-in-aid program is the Airport Improvement Program (AIP). AIP has been reauthorized several times with the most recent reauthorization (the Federal Aviation Authorization Act of 1996) extending through federal fiscal year 1998. Funding is authorized at $2.28 billion for fiscal year 1997 and at $2.347 billion for fiscal year 1998. Unfortunately, the funding levels authorized in the legislation are not always the levels appropriated in the annual Congressional budget process. In fiscal year 1996, the AIP authorized level was $2.161 billion, but only $1.45 billion was appropriated. Only $1.46 billion of the authorized $2.28 billion was appropriated in 1997. For fiscal year 1998, $1.7 billion of the authorized $2.347 billion was appropriated.

The source for AIP funds is the Aviation Trust Fund. The Aviation Trust Fund was established in 1970 to provide funding for aviation capital investment

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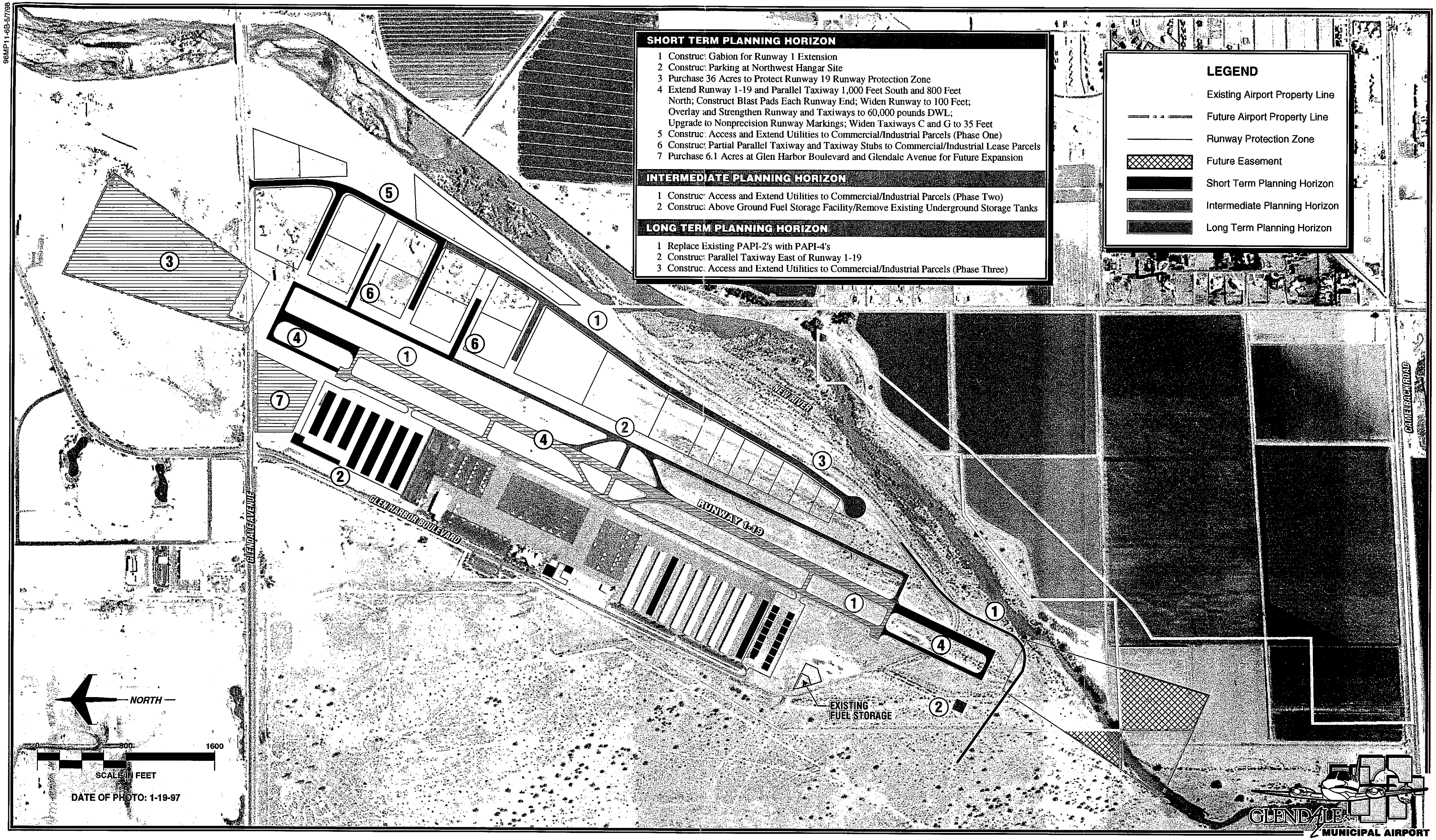

Exhibit 6B
DEVELOPMENT STAGING

programs (e.g., facilities and equipment, research and development, and grants for airport development and expansion projects). A majority of the FAA's operations account is financed through the Aviation Trust Fund. The Aviation Trust Fund is funded by federal user fees and taxes on airline tickets, aviation fuel, and various aircraft parts.

AIP Funds are distributed each year by the FAA under authorization from the United States Congress. A portion of each year's authorized level of AIP funding is distributed to all eligible commercial service airports through an entitlement program that guarantees a minimum level of federal assistance each year. These dollars are calculated based upon enplanement and cargo service levels.

The remaining AIP funds are distributed by the FAA to airports based upon the priority of the project for which they have requested Federal assistance. A National Priority Ranking System is used to evaluate and rank each airport project. Those projects with the highest priority are given preference in funding.

Each airport project for Glendale Municipal Airport must follow this procedure and compete with other airport projects in the State for AIP State Apportionment dollars and across the country for other Federal AIP funds. An important point to consider is that, unlike entitlement dollars for commercial service airports, federal funding is not guaranteed for Glendale Municipal Airport.

In Arizona, airport development projects that meet FAA's eligibility requirements receive 91.06 percent funding from the AIP. Eligible projects include any public use facility such as airfield and apron improvements. Revenue generating improvements such as fuel facilities and hangars are generally not eligible for AIP funding. FAA has historically not funded these types of facilities, but currently are under review by the agency for consideration as an eligible airport improvement in the future.

FAA FACILITIES AND EQUIPMENT PROGRAM

The Airway Facilities Division of the FAA administers the national Facilities and Equipment (F&E) Program. This annual program provides funding for the installation and maintenance of various navigational aids and equipment for the national airspace system and airports. Under the F&E program, funding is provided for FAA air traffic control towers, enroute navigational aids such as VOR's, and on-airport navigational aids such as PAPI's and approach lighting systems. As activity levels and other development warrant, the airport may be considered by the FAA Airways Facilities Division for the installation and maintenance of navigational aids through the F&E program. Recommended improvements in this master plan which may be eligible for funding through the F&E program include the upgrade to the PAPI's for each runway end. Should the Airway

Facilities Division of the FAA install these navigational aids at the airport, they would be operated and maintained by the FAA at no expense to the airport.

STATE AID TO AIRPORTS

In support of the state airport system, the State of Arizona also participates in airport improvement projects. The source for State airport improvement funds is the Arizona Aviation Fund. Taxes levied by the State on aviation fuel, flight property, aircraft registration tax, and registration fees, as well as interest on these funds are deposited in the Arizona Aviation Fund. The Transportation Board establishes the policies for distribution of these State funds.

Under the State of Arizona grant program, an airport can receive funding for one-half (4.47 percent) of the local share of projects receiving federal AIP funding. The State also provides 90 percent funding for projects, such as pavement maintenance, which are not eligible for AIP funding.

State Airport Loan Program

The Arizona Department of Transportation - Aeronautics Division (ADOT) recently established the Airport Loan Program. This program was established to enhance the utilization of State funds and provide a flexible funding mechanism to assist airports in funding improvement projects. Eligible projects include runway, taxiway, and apron improvements; land acquisition, planning studies, and the preparation of plans and specifications for airport construction projects, as well as revenue generating improvements such as hangars and fuel storage facilities. Projects which are not currently eligible for the State Airport Loan Program are considered if the project would enhance the airport's ability to be financially self-sufficient.

There are three ways in which the loan funds can be used: Grant Advance, Matching Funds, or Revenue Generating Projects. The Grant Advance loan funds are provided when the airport can demonstrate the ability to accelerate the development and construction of a multi-phase project. The project(s) must be compatible with the Airport Master Plan and be included in the ADOT 5-year Airport Development Program. The Matching Funds are provided to meet the local matching fund requirement for securing federal airport improvement grants or other federal or state grants. The Revenue Generating funds are provided for airport-related construction projects that are not eligible for funding under another program.

LOCAL FUNDING

The balance of project costs, after consideration has been given to grants, must be funded through local resources. There are several alternatives for local finance options for future development at the airport, including airport revenues, direct funding from the City, issuing bonds, and leasehold financing.

There are several municipal bonding options available to the City of Glendale including: general obligation bonds, limited obligation bonds, and revenue bonds. General obligation bonds are a common form of municipal bond which is issued by voter approval and is secured by the full faith and credit of the City. City tax revenues are pledged to retire the debt. As instruments of credit, and because the community secures the bonds, general obligation bonds reduce the available debt level of the community. Due to the community pledge to secure and pay general obligation bonds, they are the most secure type of municipal bond and are generally issued at lower interest rates and carry lower costs of issuance. The primary disadvantage of general obligation bonds are that they require voter approval and subject to statutory debt limits. This requires that they be used for projects that have broad support among the voters, and they be reserved for projects that have highest public priorities.

In contrast to general obligation bonds, limited obligation bonds (sometimes referred to as a Self Liquidating Bonds) are secured by revenues from a local source. While neither general fund revenues nor the taxing power of the local community is pledged to pay the debt service, these sources may be required to retire the debt if pledged revenues are insufficient to make interest and principal payments on the bonds. These bonds still carry the full faith and credit pledge of the local community and therefore are considered, for the purpose of financial analysis, as part of the debt burden of the local community. The overall debt burden of the local community is a factor in determining interest rates on municipal bonds.

There are several types of revenue bonds, but in general they are a form of municipal bond which is payable solely from the revenue derived from the operation of a facility that was constructed or acquired with the proceeds of the bonds. For example, a Lease Revenue Bond is secured with the income from a lease assigned to the repayment of the bonds. Revenue bonds have become a common form of financing airport improvements. Revenue bonds present the opportunity to provide those improvements without direct burden to the taxpayer. Revenue bonds normally carry a higher interest rate because the lack the guarantees of general and limited obligation bonds.

Leasehold financing refers to a developer or tenant financing improvements under a long-term ground lease. The obvious advantage of such an arrangement is that it relieves the community of all responsibility for raising the capital funds for improvements. However, the private development of facilities on a ground lease, particularly on property owned by a municipal agency, produces a unique set of problems. In particular, it is more difficult to obtain private financing as only the improvements and the right to continue the lease can be claimed in the event of a default. Ground leases normally provide for the reversion of improvements to the lessor at the end of the lease term, which reduces their potential value to a lender taking possession. Also companies that want to own their property as a matter of financial policy may not located where land is only available for lease. The City of Glendale has used municipal bonding and long-term lease arrangements successfully to finance capital improvements at the airport in the past. All existing shade and T-hangar facilities at the airport were developed with private funds under a long-term ground lease with the City. Future hangar facilities north of the FBO and in the Temple Air hangar area are being developed in a similar manner. The FBO building was financed through municipal bonds.

AIRPORT OPERATING FUND

The City of Glendale owns, operates, and manages the Glendale Municipal Airport and also plans and arranges financing of airport projects. The City operates the airport as an enterprise fund in accordance with typical accounting principles for governmental agencies. Included in the enterprise fund is the maintenance of accounts for airport operating revenues and expenses.

Table 6A summarizes historical revenues and expenditures for the airport. This information was tabulated from City financial records. Land and building rentals and tiedown fees provide the majority of revenue for the Glendale Municipal Airport operating fund. Revenue projections were developed for the airport and are included in the Cash Flow Analysis. These projections were developed taking into account projected activity increases and additional facilities provided by the capital improvement program, including the lease of industrial/commercial parcels along the east side of the airport.

The airport's operating expenses include salaries and benefits; contractual expenses such as insurance, utilities, equipment and building maintenance; and interdepartmental charges. Operating expenses were projected after reviewing previous expense records of the airport. Adjustments were applied through the planning period to account for maintaining additional facilities as well as the aging of existing facilities. Inflation will affect future operating expenses but in order to maintain consistency with the Cash Flow Analysis, inflation factors have not been reflected.

Cash Flow Analysis

Tables 6B and **6C** present the summary of the cash flow analysis for the planning period. The analysis is based upon revenues, expenditures, funding eligibility, and the remaining local share of capital improvement construction costs. The cash flow analysis assumes that federal and state funding will be available for eligible items. There is no guarantee of receiving adequate funds to cover the projects as scheduled. If the adequate funding cannot be obtained, the choices will either be to finance the project through City resources or to delay the implementation of the project.

TABLE 6A Historical Operating Revenues and Expenses	FY 92-93	FY 93-94	FY 94-95	FY 95-96	FY 96-97	Budget 97-98
Operating Revenues						
Rentals	$156,222	$192,701	$171,229	$195,461	$186,138	$187,138
Fuel Sales	251,170	0	0	0	0	0
Tiedown Fees	13,559	10,159	5,727	6,246	7,479	7,479
Fuel Flowage Fees	0	4,000	0	0	10,379	10,379
Other Revenue	950	247	355	1,011	15,532	15,532
Total Operating Revenues	**$421,901**	**$207,107**	**$177,311**	**$202,718**	**$219,528**	**$220,528**
Operating Expenses						
Personnel Services	$282,092	$185,942	$212,931	$212,703	$227,577	$237,985
Contractual Services and Maintenance	631,541	291,912	317,936	271,910	167,424	181,026
Other Expenses	11,232	12,470	19,090	20,304	24,727	19,600
Total Operating Expenses	**$924,865**	**$490,324**	**$549,957**	**$504,917**	**$419,728**	**$438,611**
Income (Loss)	**($502,964)**	**($283,217)**	**($372,646)**	**($302,199)**	**($200,199)**	**($218,083)**

Source: City Records

TABLE 6B Short Term Cash Flow Analysis	FY 1998-1999	FY 1999-2000	FY 2000-2001	FY 2001-2002	FY 2002-2003
Operating Revenues					
Rentals	$230,500	$240,000	$380,000	$390,000	$390,000
Tiedown Fees	17,800	18,000	18,000	18,000	20,000
Other Revenue	19,080	20,000	30,000	30,000	30,000
Total Operating Revenues	**$267,380**	**$278,000**	**$428,000**	**$438,000**	**$440,000**
Operating Expenses					
Personnel Services	$241,500	$245,400	$249,400	$253,500	$257,700
Contractual Services and Maintenance	18,200	187,000	188,800	190,600	192,500
Other Expenses	19,800	19,800	19,800	19,800	19,800
Total Operating Expenses	**$446,500**	**$452,200**	**$458,000**	**$463,900**	**$470,000**
Operating Income (Loss)	**($179,120)**	**($174,200)**	**($30,000)**	**($25,900)**	**($30,000)**
Capital Improvement Program					
Recommended CIP (-)	$1,351,000	$9,200,000	$431,000	$1,318,100	$518,500
State and Federal Eligible (+)	1,235,200	8,788,760	392,324	940,015	495,323
Excess or (Deficit)	**($115,800)**	**($411,240)**	**($38,676)**	**($378,085)**	**($23,177)**
Annual Excess (Deficit)	**($294,920)**	**($585,440)**	**($68,676)**	**($403,985)**	**($53,177)**

As activity increases, revenues will also increase to further improve the cash flow at the airport. The airport's cash flow will continue to improve as additional revenue is generated through new land leases in the north hangar development area and as industrial/ commercial lease parcels are developed along the east side of the airport.

TABLE 6C
Extended Cash Flow Analysis (Annual Averages)

	Intermediate Planning Horizon	Long Term Planning Horizon
Operating Revenues		
Rentals	$466,600	$486,700
Tiedown Fees	21,900	25,500
Other Revenue	32,800	38,200
Total Operating Revenues	**$521,300**	**$550,400**
Operating Expenses		
Personnel Services	$261,900	$266,600
Contractual Services and Maintenance	194,400	200,700
Other Expenses	19,800	20,000
Total Operating Expenses	**$476,100**	**$487,300**
Operating Income (Loss)	**$45,200**	**$63,100**
Capital Improvement Program		
Recommended CIP (-)	$233,400	$303,300
State and Federal Eligible (+)	133,400	270,900
Excess or (Deficit)	**($100,000)**	**($32,400)**
Annual Excess (Deficit)	**$54,800**	**$30,700**

In summary, as the east side of the airport is developed and additional hangars are developed, the airport appears capable of generating sufficient revenues from its operating sources to cover operating expenses. In the later portions of the planning period, operating surpluses could contribute to funding future capital improvements.

As was mentioned previously, a significant portion of the development funding is assumed to be provided by State and Federal grants. The City of Glendale will need to actively pursue this funding throughout the planning to ensure that the capital program can be implemented. If funding is not available same key projects may need to be delayed until funding is secured.

FINANCING INFRASTRUCTURE IMPROVEMENTS

Financing future infrastructure improvements along the east side of the airport may involve one of the municipal financing methods described above as some of the infrastructure costs may not be eligible for FAA or ADOT grant assistance. It may be difficult to gain voter approval for general obligation bonds for this project as it is limited in scope and does provide a direct public benefit such as roadway improvements or parks. Revenue bonds could be used as ground lease revenues could be pledged to retire the debt service. The following provides a discussion of the options to improve individual lease sites.

The City has the option of developing future industrial/commercial sites along the east side of the airport for lease to individual tenants, or of entering into a master ground lease with a private developer who would perform the necessary development and offer both sites and buildings to tenants. Master ground leases offer a substantial financial advantage to a private developer as there are not up-front acquisition costs and lease payments are full deductible for tax purposes whereas owned land cannot be depreciated. This option could be structured as a straight ground lease or as a joint venture.

Under a straight ground lease to a developer, the City would not be involved in the construction, financing, sale, or lease of buildings for tenants. However, there may be circumstances where the City will want to participate in the construction of facilities, either as part of a joint venture or to provide inducements to attract certain tenants. The simplest way to do this is to underwrite the construction and financing of those facilities, keeping then in City ownership and leasing them to tenants.

As a joint venture partner, the City would provide funds for construction and permanent financing. A joint venture could be structured so that the various benefits would be available for each partner according to their highest use; for example: tax benefits such as depreciation would go to the private developer while cash income would go to the City. This could be used successfully to fund individual buildings for specific tenants, where lower rents could be charged in exchange for partial ownership, producing income from both rents and interest payments.

These financing techniques offer marketing inducements, as they assume the City can obtain lower-cost funds than are available in the private market. These lower costs can then be passed through to the development process to reduce lower rental rates. To avoid the appearance of unfairly competing with the private sector, it will be important to establish comparable market rental rates.

PLAN IMPLEMENTATION

The successful implementation of the Glendale Municipal Airport Master Plan will require sound judgement on the part of City management. Among the more important factors influencing decisions to carry out a recommendation are timing and airport activity. Both of these factors should be used as references in plan implementation. Experience has indicated that major problems can materialize from the standard format of most planning documents. These problems center around a plan's inflexibility and inherent inability to deal with new issues that develop from unforeseen changes that may occur after it is completed. The format used in the development of this master plan has attempted to deal with this issue.

The real value of a usable master plan is that it keeps the issues and objectives in the mind of the user so that he or she is better able to recognize change and its effect. In addition to adjustments in aviation demand, decisions made as to when to undertake recommended improvements in this master plan will impact the period that the plan remains valid. The format used in this plan is intended to reduce the need for costly updates. Updating can be done by the user, improving the plan's effectiveness.

In summary, the planning process requires the City of Glendale to consistently monitor the progress of the airport in terms of total aircraft operations, total based aircraft, and overall aviation activity. Analysis of aircraft demand is critical to the exact timing and need for new airport facilities. The information obtained from this continuous monitoring process will provide the data necessary to determine if the development schedule should be accelerated or decelerated.

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